

Promissory Note

Effective Date: April 29, 2010

Borrower: James L. Ahern, Jr.

Borrower's Mailing Address: PO Box 153 Alpine, Texas 79831

Lender: Alexander Oil Company

Place for Payment: Alexander Oil Company, PO BOX 769 BRENHAM, TEXAS 77834-0769

Principal Amount: \$30,000.00 (THIRTY THOUSAND DOLLARS AND NO CENTS)

Annual Interest Rate: the lesser of 5% or the maximum nonusurious rate of interest permitted by applicable law

Maturity Date: NOVEMBER 29, 2010

Annual Interest Rate on Matured, Unpaid Amounts: the lesser of 18.00% or the maximum nonusurious rate of interest permitted by applicable law

Terms of Payment (principal and interest): The Principal Amount and interest are due and payable in equal monthly installments of \$ 5,094.54, beginning on JUNE 29, 2010, and thereafter on the same day of each succeeding month through the Maturity Date at which time all unpaid principal and accrued, unpaid interest as of that date will be due and payable. Payments will be applied first to accrued interest and the remainder to reduction of the Principal Amount.

Security for Payment: This note is secured by a security interest created in a security agreement that covers fixtures, equipment, inventory, accounts, chattel paper, instruments and general intangibles as such terms are defined in Chapter 9 of the Texas Business and Commerce Code and such other collateral as is described therein and that is dated of even date hereof and executed by JAMES L. AHERN, JR. as the debtor in favor of Lender as the secured party.

Other Terms and Conditions:

Borrower promises to pay to the order of Lender the Principal Amount plus interest at the Annual Interest Rate. This note is payable at the Place for Payment and according to the Terms of Payment. All unpaid amounts are due by the Maturity Date. After maturity, Borrower promises to pay any unpaid principal balance plus interest at the Annual Interest Rate on Matured, Unpaid Amounts.

If Borrower defaults in the payment of this note or in the performance of any obligation in any instrument securing or collateral to this note, Lender may declare the unpaid principal balance, earned interest, and any other amounts owed on the note immediately due. Borrower and each surety, endorser, and guarantor waive all demand for payment, presentation for payment, notice of intention to accelerate maturity, notice of acceleration of maturity, protest, and notice of protest, to the extent permitted by law.

Borrower also promises to pay reasonable attorney's fees and court and other costs if this note is placed in the hands of an attorney to collect or enforce the note. These expenses will bear interest from the date of advance at the Annual Interest Rate on Matured, Unpaid Amounts. Borrower will pay Lender these expenses and interest on demand at the Place for Payment. These expenses and interest will become part of the debt evidenced by the note and will be secured by any security for payment.

Borrower may prepay this note in any amount at any time before the Maturity Date without penalty or premium. Prepayments will be applied to installments on the last maturing principal, and interest on that prepaid principal will immediately cease to accrue.

Interest on the debt evidenced by this note will not exceed the maximum rate or amount of nonusurious

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interest that may be contracted for, taken, reserved, charged, or received under law. Any interest in excess of that maximum amount will be credited on the Principal Amount or, if the Principal Amount has been paid, refunded. On any acceleration or required or permitted prepayment, any excess interest will be canceled automatically as of the acceleration or prepayment or, if the excess interest has already been paid, credited on the Principal Amount or, if the Principal Amount has been paid, refunded. This provision overrides any conflicting provisions in this note and all other instruments concerning the debt.

Each Borrower is responsible for all obligations represented by this note. When the context requires, singular nouns and pronouns include the plural.

If any installment becomes overdue for more than fifteen days, at Lender's option a late payment charge of \$25.00 may be charged in order to defray the expense of handling the delinquent payment.

A default exists under this note if (1) (a) Borrower or (b) any other person liable on any part of this note or who grants a lien or security interest on property as security for any part of this note (an "Other Obligated Party") fails to timely pay or perform any obligation or covenant in any written agreement between Lender and Borrower or any Other Obligated Party; (2) any warranty, covenant, or representation in this note or in any other written agreement between Lender and Borrower or any Other Obligated Party is materially false when made; (3) a receiver is appointed for Borrower, any Other Obligated Party, or any property on which a lien or security interest is created as security (the "Collateral Security") for any part of this note; (4) any Collateral Security is assigned for the benefit of creditors; (5) a bankruptcy or insolvency proceeding is commenced by Borrower, a partnership of which Borrower is a general partner, or an Other Obligated Party; (6) (a) a bankruptcy or insolvency proceeding is commenced against Borrower, a partnership of which Borrower is a general partner, or an Other Obligated Party and (b) the proceeding continues without dismissal for sixty days, the party against whom the proceeding is commenced admits the material allegations of the petition against it, or an order for relief is entered; (7) any of the following parties is dissolved, begins to wind up its affairs, is authorized to dissolve or wind up its affairs by its governing body or persons, or any event occurs or condition exists that permits the dissolution or winding up of the affairs of any of the following parties: Borrower, a partnership of which Borrower is a general partner, or an Other Obligated Party; and (8) any Collateral Security is impaired by loss, theft, damage, levy and execution, issuance of an official writ or order of seizure, or destruction, unless it is promptly replaced with collateral security of like kind and quality or restored to its former condition.

This note renews an amount equal to the Principal Balance of this note on an account owed by Borrower to Lender. This note is not a novation of such account. Any guaranty of such account shall remain in full force and effect.

We may report information about your account to credit bureaus. Late payments, missed payments, or other defaults on your account may be reflected in your credit report.

Signature line for Individual Borrower

(Signature)

James L. Ahern, Jr.

(Print Name)

Security Agreement

Effective Date: April 22, 2010Debtor: James L. Aborn, Jr.Debtor's Mailing Address: PO Box 133 Alpine, Texas 79831Secured Party: Alexander Oil CompanySecured Party's Mailing Address: Alexander Oil Company, PO BOX 769 BRENNHAM, TEXAS 77834-0769

Collateral (including all accessions): All of Debtor's fixtures, equipment, inventory, accounts, chattel paper, instruments and general intangibles as such terms are defined in Chapter 9 of the Texas Business and Commerce Code, whether now owned or existing, hereafter created, acquired or arising, wheresoever located, including, without limitation, the following: (1) all accessions, increases, substitutions, replacements and additions to the Collateral; (2) all proceeds of the Collateral (cash and noncash), including chattel paper or instruments constituting proceeds of such Collateral and in proceeds of such chattel paper and instruments; (3) all proceeds of proceeds; (4) all records concerning the Collateral; and (5) all insurance payable by reason of loss or damage to the Collateral, including proceeds of any unearned premiums with respect to insurance policies insuring any of the Collateral.

Obligation: The security interest secures all present and future debts and liabilities of James L. Aborn, Jr. to Secured Party. If Debtor and the person or entity named in this section are not the same, Debtor represents and warrants that Debtor is receiving a direct or indirect benefit from the extension of credit to the person or entity named in this section.

Grant of Security Interest: Debtor grants to Secured Party a security interest in the Collateral and all its proceeds to secure the Obligation. Debtor authorizes Secured Party to file a financing statement describing the Collateral.

A. Debtor represents and warrants the following: Debtor owns the Collateral and has the authority to grant this security interest. None of the Collateral is affixed to real estate.

B. Debtor agrees to-

1. Defend the Collateral against all claims adverse to Secured Party's interest; pay all taxes imposed on the Collateral or its use; keep the Collateral free from liens, except for liens in favor of Secured Party or for taxes not yet due; keep the Collateral in Debtor's possession and ownership except as otherwise provided in this agreement; maintain the Collateral in good condition; and protect the Collateral against waste, except for ordinary wear and tear.

2. Pay all Secured Party's expenses, including reasonable attorney's fees, incurred to obtain, preserve, perfect, defend, and enforce this agreement or the Collateral and to collect or enforce the Obligation. These expenses will bear interest from the date of advance at the highest rate stated in the Obligation and are payable on demand at the place where the Obligation is payable. These expenses and interest are part of the Obligation and are secured by this agreement.

3. Sign and deliver to Secured Party any documents or instruments that Secured Party considers necessary to obtain, maintain, and perfect this security interest in the Collateral.

4. Notify Secured Party immediately of any material change (a) in the Collateral; (b) in Debtor's Mailing Address; (c) in the location of any Collateral; and (d) of any change in Debtor's name.

5. Maintain accurate records of the Collateral at the address set forth above, furnish Secured Party any requested information related to the Collateral; and permit Secured Party to inspect and copy all records relating to the Collateral.

6. Permit Secured Party to inspect the Collateral.

C. Debtor agrees not to: (1) sell, transfer, or encumber any of the Collateral, except inventory in the ordinary course of Debtor's business; or (2) except as permitted in this agreement, permit the Collateral to be affixed to any real estate.

D. **Insurance and Risk of Loss:** Debtor will insure the Collateral in accordance with Secured Party's reasonable requirements regarding choice of carrier, risks insured against, and amount of coverage. Policies must be written in favor of Debtor, be endorsed to name Secured Party as an additional insured or as otherwise directed in writing by Secured Party, and provide that Secured Party will receive at least ten days' notice before cancellation. Debtor must provide copies of the policies or evidence of insurance to Secured Party. Debtor assumes all risk of

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loss to the Collateral. Debtor appoints Secured Party as attorney-in-fact to collect any returned unearned premiums and proceeds of any insurance on the Collateral and to endorse and deliver to Secured Party any payment from such insurance made payable to Debtor. Debtor's appointment of Secured Party as Debtor's agent is coupled with an interest and if Debtor is an individual will survive any disability of Debtor.

E. Default and Remedies

1. A default exists if- (a) Debtor fails to timely pay or perform any obligation or covenant in any written agreement between Secured Party and Debtor; (b) a receiver is appointed for Debtor; (c) any Collateral is assigned for the benefit of creditors; (d) a bankruptcy or insolvency proceeding is commenced by or against Debtor; (e) Debtor is dissolved, begins to wind up its affairs, is authorized to dissolve or wind up its affairs by its governing body or persons, or any event occurs or condition exists that permits the dissolution or winding up of the affairs of Debtor; or (f) any Collateral is impaired by loss, theft, damage, levy and execution, issuance of an official writ or order of seizure, or destruction, unless it is promptly replaced with collateral of like kind and quality or returned to its former condition.

2. If a default exists, Secured Party may - (a) demand, collect, convert, redeem, settle, compromise, accept for, realize on, sue for, and adjust the Collateral either in Secured Party's or Debtor's name, as Secured Party desires, or take control of any proceeds of the Collateral and apply the proceeds against the Obligation; (b) take possession of any Collateral not already in Secured Party's possession, without demand or legal process, and for that purpose Debtor grants Secured Party the right to enter any premises where the Collateral may be located; (c) without taking possession, sell, lease, or otherwise dispose of the Collateral at any public or private sale in accordance with the law; and (d) exercise any rights and remedies granted by law or this agreement.

3. Foreclosure of this security interest by suit does not limit Secured Party's remedies. Secured Party may exercise all remedies at the same or different times, and no remedy is a defense to any other.

4. Secured Party's delay in exercising, partial exercise of, or failure to exercise any of its remedies or rights does not waive Secured Party's rights to subsequently exercise those remedies or rights. Secured Party's waiver of any default does not waive any other default by Debtor. Secured Party may remedy any default without waiving it.

5. Secured Party has no obligation to clean or otherwise prepare the Collateral for sale.

6. If Secured Party attempts to collect the Obligation from any other person liable for it or releases, modifies, or waives any collateral provided by any other person, that will not affect Secured Party's rights against Debtor. Debtor waives any right Debtor may have to require Secured Party to pursue any third person for any of the Obligation.

7. If Secured Party must comply with any applicable state or federal law requirements in connection with a disposition of the Collateral, such compliance will not be considered to adversely affect the commercial reasonableness of a sale of the Collateral.

8. Secured Party may sell the Collateral without giving any warranties as to the Collateral. Secured Party may specifically disclaim any warranties of title or the like. This procedure will not be considered to adversely affect the commercial reasonableness of a sale of the Collateral.

9. If Secured Party purchases any of the Collateral being sold, Secured Party may pay for the Collateral by crediting the purchase price against the Obligation.

10. Secured Party has no obligation to marshal any assets in favor of Debtor or against or in payment of the Note, any of the Other Obligation, or any other obligation owed to Secured Party by Debtor or any other person.

11. If the Collateral is sold after default, recitals in the bill of sale or transfer will be prima facie evidence of their truth and all prerequisites to the sale specified by this agreement and by law will be presumed satisfied.

F. General

1. Secured Party may at any time take control of proceeds of insurance on the Collateral and reduce any part of the Obligation accordingly or permit Debtor to use the funds to repair or replace the Collateral and purchase single-loss insurance coverage that will protect only Secured Party if Debtor fails to maintain insurance, and premiums for the insurance will become part of the Obligation.

2. Notice is reasonable if it is mailed, postage prepaid, to Debtor at Debtor's Mailing Address at least ten days before any public sale or ten days before the time when the Collateral may be otherwise disposed of without further notice to Debtor.

3. This agreement binds, benefits, and may be enforced by the successors in interest of Secured Party and will bind all persons who become bound as debtors to this agreement. All representations, warranties, and obligations are joint and several as to each Debtor.

4. This agreement may be amended only by an instrument in writing signed by Secured Party and Debtor.

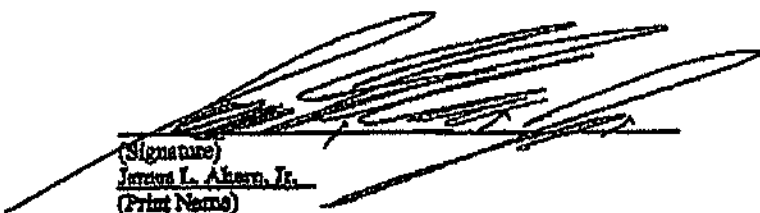
5. The unenforceability of any provision of this agreement will not affect the enforceability or validity of any other provision.

6. Interest on the Obligation secured by this agreement will not exceed the maximum amount of

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accrual interest that may be contracted for, taken, reserved, charged, or received under law. Any interest in excess of that maximum amount will be credited on the principal of the Obligation or, if that has been paid, refunded. On any acceleration or required or permitted prepayment, any such excess will be canceled automatically as of the acceleration or prepayment or, if already paid, credited on the principal of the Obligation or, if the principal of the Obligation has been paid, refunded. This provision overrides any conflicting provisions in this and all other instruments concerning the Obligation.

Signature line for Individual Debtor



(Signature)
James L. Akers, Jr.
(Print Name)

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